



## COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT  
CITY OF SAN DIEGO

### MEMORANDUM

DATE: April 2, 2009

TO: Jim Barrett, Director of Public Utilities  
City Attorney Jan Goldsmith

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: Alternatives to City's Proposed Water Allocation Plan

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Over the past few months my office has received numerous e-mails and calls from citizens regarding the staff's proposed water allocation plan. Most are concerned with being assigned an unfair baseline relative to other water customers since they have already engaged in water conservation measures.

While I support a comprehensive solution to meeting the city's water conservation targets, I am concerned that the current proposed water allocation plan is not the best model to achieve the desired conservation and fairness to ratepayers. This memo serves to memorialize comments I made at the March 25, 2009 Natural Resources and Culture (NR&C) Committee meeting and raise questions as a result of recent articles in the *Voice of San Diego*.

#### **1. Tiered Pricing**

At the NR&C hearing, I expressed my support for an alternative approach where a more expansive tiered pricing structure is used. Pursuing a model similar to the one established by Irvine Ranch would aid in establishing a more effective tiered structure that could better harness market and consumer forces to achieve water conservation goals – reducing the need for one-size fits all water allocations and on ratepayers.

Before an effective tiered pricing structure can be implemented, however, an accurate usage baseline for customers must first be established. I strongly urge staff to begin the process of determining baseline water usage immediately, using any applicable precedents established by the Irvine Ranch model.

Additionally, as part of pursuing market-based pricing, the city must expedite the water rate model study being conducted by Raftelis. As requested at the hearing, I would like the Water Department and its contractor to brief NR&C and the public on their proposed study methodology – as well as present a revised timeline for delivering a rate model(s) as soon as possible. This request is also consistent with the motion made by Councilmember Frye in late 2008 when approving the original contract with Raftelis.

## **2. Establishing Baselines**

In order for an allocation methodology to be effectively crafted and implemented, accurate and reliable data should first be gathered. Irvine Ranch seems to provide an example of a municipality that did its due diligence in assessing and establishing fair and effective baselines, and then incorporated them into a comprehensive tiered pricing structure.

Recent media reports highlight a discrepancy between the timelines estimated by City staff and the actual experience of Irvine Ranch in establishing accurate customer baselines. In light of this information, I respectfully request a revised timeline for collection and appropriate analysis of the needed data.

Furthermore, is it not appropriate to reconsider this model as the preferred long-term approach to not only achieve required conservation levels, but effectively allocate a scarce resource?

## **3. City Attorney Review**

At the NR&C hearing, concerns were also raised regarding potential legal issues that might arise from the proposed methodology -- most notably the variance process -- currently being considered within the water allocation and penalty approach. I ask that the City Attorney's office review these concerns before this plan is considered by the full Council.

As stated at the hearing, it is clear that staff has been working very hard on this issue – and the County Water Authority's deadline is quickly approaching. However, I believe thoroughly exploring these issues will be critical to effectively – and fairly – meet water conservation goals.

CC: Honorable Mayor Jerry Sanders  
Honorable City Councilmembers  
Andrea Tevlin, Independent Budget Analyst  
Alex Ruiz, Assistant Director, Water Department